



Maryland
Hospital Association

Senate Bill 493/House Bill 589- Budget Reconciliation & Financing Act of 2021

Position: *Support with Amendments*

March 3, 2021

Senate Budget & Taxation Committee

House Appropriations Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 493/House Bill 589.

Maryland hospitals urge the Maryland General Assembly to *reject* Governor Hogan's proposed \$35 million increase in the Medicaid Deficit Assessment in the current fiscal year. In 2015, Governor Hogan and the Maryland General Assembly committed to reduce the assessment by \$25 million annually. The assessment, passed in 2009 as a temporary measure to shore up a deficit in the state's Medicaid program, was just \$19 million that first year, but ballooned to \$390 million by 2015. Reducing the assessment yields multiple benefits for individual Marylanders and for the state. First, it lessens a financial burden on hospital patients, because the assessment adds approximately 2% to every hospital bill in Maryland. Additionally, the assessment artificially inflates Maryland's health care spending, which puts additional pressure on the state's ability to meet the cost-saving requirements of the Total Cost of Care Model agreement with the federal government. Lowering and eventually eliminating the assessment in no way financially benefits hospitals; rather it is a true and direct reduction in health care costs in Maryland via our unique rate-setting system.

Last session, the Maryland General Assembly froze the Medicaid Deficit Assessment at its fiscal year 2021 level indefinitely. *Increasing* the assessment for the first time in over five years would take away the significant progress that Governor Hogan and the legislature have made on this issue over the past several years. Additionally, raising the assessment would send the wrong message to the federal government at a time when hospitals are working to meet the stringent financial metrics of the Total Cost of Care Model during COVID-19.

For these reasons, we urge the Maryland General Assembly to amend the Budget Reconciliation & Financing Act to maintain the Medicaid Deficit Assessment at its current \$294 million level, as agreed to last session, and reject the proposed \$35 million increase.

For more information, please contact:

Brian Frazee, Vice President, Government Affairs

Bfrazee@mhaonline.org